

Fiscal Services Division

Legislative Services Agency

Fiscal Note

SF 2347 - Energy Performance Contracting (LSB 5789 SV)
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Fiscal Note Version - New

Description

Senate File 2347 establishes a process for allowing public entities to enter into performance-based contracts using a Request for Proposals process for energy-related improvements to facilities owned by public corporations. The Bill defines public corporation as a school district, community college, public university, city, county, public hospital, or State agency.

Background

The Bill specifies that an energy performance-based contract is a contract with a qualified provider to implement facility improvements for design and installation of equipment and/or technology to implement energy conservation within buildings. The contract is arranged so that the cost of the design, improvements, financing, and performance management of the energy conservation measures do not exceed the amount to be saved in energy or operational costs within a 20-year period.

The Bill requires the cost savings to be guaranteed in the contract and verified by a professional engineer or registered architect not employed by the contractor. The Bill also requires the provider to reimburse the public corporation for any shortfall of guaranteed energy savings on an annual basis for the life of the contract.

The Bill requires the Department of Natural Resources (DNR) to establish a support program to provide assistance to public corporations entering into energy performance-based contracts at the corporation discretion and allows the DNR to collect a fee to offset the cost of the program.

The DNR currently administers two programs, the Iowa Energy Bank Program and the State of Iowa Facilities Improvement Corporation, that provide similar services to State and local units of government.

Fiscal Impact

Senate File 2347 will not have a significant fiscal impact on the State's General Fund. The fiscal impact of SF 2347 on public corporations cannot be determined as it is uncertain how many corporations will elect to use energy performance-based contracts as well as request the assistance of the DNR for support and technical services. The energy performance-based contract process established in SF 2347 is a voluntary program and would be available to public corporations in addition to the Iowa Energy Bank Program and the State of Iowa Facilities Improvement Corporation.

Sources

Department of Natural Resources
LSA: Fiscal Services Division

/s/ Holly M. Lyons

March 10, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
